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REPORTS ON
EFTA's 10 YEARS
GREEK AGRICULTURE
AUSTRIAN POLICY



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This week's cover:

Sheep and goats—traditional livestock of North Africa—graze together in rocky Moroccan countryside. These animals are important in the country's food and agricultural picture primarily as meat and animal products in foreign trade. Citrus fruit is the principal export, and wheat and sugar, the principal imports. For a survey of Morocco's agricultural trade, see article beginning on page 9.

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EFTA: Its First 10 Years

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The European Free Trade Association (EFTA) marks its tenth anniversary this month. In its first decade, trade among EFTA's seven members and one associate increased substantially through both tariff reductions and bilateral agreements. However, during this period critical events also challenged EFTA's solidarity on several occasions. As EFTA enters its second decade, it faces possible dissolution as its members consider forming other trade ties.

The EFTA nations—members Norway, Sweden, Denmark, the United Kingdom, Portugal, Austria, and Switzerland and associate Finland—are geographically scattered, unlike the European Community countries that cluster together neatly on continental Europe. The Scandinavian countries, the United Kingdom, and Portugal form a peripheral arc around the EC. Austria and Switzerland—as well as the United Kingdom—are closer to their principal trading partners in the EC than to other EFTA members. Iceland, whose application to EFTA was accepted in November 1969, will be the most distant EFTA partner if membership is ratified this year, as expected.

Origin of EFTA

EFTA was originally conceived to be a flexible, temporary organization—a second best alternative to a wider European union; this was before the EC was established. However, when the Treaty of Rome establishing the EC was signed in 1957, the current EFTA members were left in an uncomfortable position separated from the EC block. Led by the United Kingdom, they proposed an all-European free trade area. After this proposal was rejected by the Community at the end of 1958, the seven decided to establish their own free-trade area. Its nature was to be purely economic, unlike the all-embracing goals of the EC toward political as well as economic integration. In June 1959 in Saltsjobaden, Sweden, the plan establishing EFTA was drafted, and on January 4, 1960, the text of *The Convention Establishing the European Free Trade Association*, was signed in Stockholm. The convention became effective on May 3, 1960.

Under the EFTA convention the member countries agreed on a timetable for eliminating all tariffs on industrial products in successive stages. The original timetable called for a 20-percent reduction in basic import duties on July 1, 1960; 10-percent reductions at the end of each of three successive 18-month periods; and finally, five 10-percent annual reductions. The last reduction, eliminating tariffs, was scheduled for January 1, 1970.

Looking at its past, EFTA can say that it has accomplished what it set out to do; trade among its members has increased substantially although most agricultural products have not benefited. Looking to its future, EFTA sees uncertainty as its members consider forming other trade ties.

and Its Alternatives for the Future

The EFTA Council, however, decided to encourage tariff reductions at a more rapid rate than was called for in the original timetable, largely because the EC had decided to speed up its duty reductions. This decision was made to insure that EFTA tariff reductions kept pace with those by the European Community to facilitate wider European unification and to stimulate trade and economic development in EFTA countries. EFTA duties were reduced by 20 percent, as originally scheduled, on July 1, 1960. However, the next three reductions were made at intervals of 1 year, 8 months, and 8 months, respectively, rather than at 18-month intervals. Thus, by October 31, 1962, only 50 percent of the basic duties remained, and by the end of 1965, only 20 percent. Finally, on December 31, 1966, the final 20 percent was removed, achieving the objective of eliminating tariffs 3 years ahead of schedule.

Finland, which joined EFTA a year after its inception, trailed the other EFTA members by a year in making tariff reductions. Thus, elimination of Finnish tariffs was completed on December 31, 1967.

Special schedules for tariff reductions on certain items produced by small or developing industries in Portugal, Finland, and Norway were established when EFTA was formed. The commodities covered by these slower schedules generally represented a small percentage of total intra-EFTA trade but are of considerable significance for the individual countries. Both Finland and Norway eliminated intra-EFTA tariffs on goods covered by the special schedules on December 31, 1969, but Portugal has until 1980 to remove tariffs on certain items, largely textiles.

Agricultural commodities ineligible

In contrast to the EC, EFTA members' agricultural products do not benefit from the same free trade regime as do manufactured goods. The reasons for this arrangement are both economic and social. Production patterns differ, and certain EFTA countries have established a traditional priority of maintaining a stipulated level of self-sufficiency in food products while protecting farmers from competitive imports. Denmark, one of EFTA's most efficient agricultural producing countries and one of the most important producers of livestock products in Western Europe, has frequently complained that the EFTA exclusion of agricultural goods from tariff-free schedules is a form of discrimination. Exports of agricultural products are very important to Denmark, accounting for 62 percent of total agricultural exports by EFTA countries in 1968.

Nevertheless, the EFTA agreement classifies several categories of processed agricultural commodities and frozen and canned fish products as manufactured products, and they are

freely traded. For example, quick-frozen fish fillets—an important export by Norway and Iceland—enjoy duty-free status under a minimum-export-price agreement. The EFTA Working Party on Fisheries is currently reviewing possibilities for further liberalization. These developments paved the way for Icelandic membership in EFTA since fish and fish products account for about 90 percent of Iceland's exports.

Agricultural trade has benefited from special bilateral trade agreements between EFTA members. These agreements are permitted under the Stockholm Convention. The agricultural products included in the agreements are especially important to Denmark, a signatory to nearly all of the existing nine agreements. On a volume basis, the most important bilateral agreement is between Denmark and the United Kingdom under which the United Kingdom imports, duty free, about half its pork requirements and one-fifth of its butter requirements from Denmark. These commodities alone account for over half of all Danish agricultural exports. Portugal exports wine, duty free, under bilateral agreements with Switzerland and the Scandinavian countries.

Crises in EFTA

During EFTA's history, several developments have challenged the cohesiveness of the organization. These developments largely reflected political and economic events in the United Kingdom. The United Kingdom accounted for about 30 percent of total intra-EFTA imports and nearly 25 percent of exports in 1968, attesting to the importance of this country as an EFTA trading partner.

The first EFTA crisis was brought about by the British decision to apply for membership in the EC in 1961. This problem was resolved by the so-called London Agreement whereby the United Kingdom agreed to delay joining the EC until the other EFTA countries had been able to negotiate their own membership or association with the EC.

Then in 1964, the United Kingdom decided to improve its balance of payments by imposing a 15-percent surcharge on all imports of manufactured goods. Other EFTA countries regarded this as a violation of the EFTA convention and felt that the spirit of free trade within EFTA was threatened. The surcharge was reduced in two stages and eliminated entirely in 1967—the same year all remaining tariffs on industrial goods were eliminated.

That year, 1967, was a critical one not only in EFTA's history but throughout Western Europe. Several countries experienced economic downturns, and trade decelerated. The United Kingdom had a deficit of \$1.5 billion in its balance of trade in 1967 and devalued its currency by 14.3 percent in November of that year. Simultaneous import-curbing measures were imposed, largely affecting nonagricultural imports. Following the United Kingdom's devaluation, Den-

mark—a traditional trading partner—devalued its currency by 7.9 percent. Finland's devaluation of 23.8 percent, undertaken in an attempt to improve lagging exports, preceded that of the United Kingdom by 1 month. The U.K. devaluation affected revenues received by Danish farmers since export prices for goods exported to the United Kingdom declined. Danish farmers have been receiving government compensation because of the devaluation for the last 2 years.

In November 1968 the United Kingdom imposed an indirect import control in an effort to relieve a worsening of its balance of trade deficit; the deficit for that year was \$1.6 billion. Under an "Import Deposit Scheme," importers have been required to deposit with the government 50 percent of the value of goods imported. This deposit is repayable after 6 months. The scheme affects about one-third of all imports (including agricultural machinery), and, therefore, has been criticized by EFTA partners. The rate of the deposit was reduced recently to 40 percent, and the scheme has been extended until December 1970 at the latest. A substantial surplus in the United Kingdom's balance of payments has been estimated for 1969.

No common agricultural policy in EFTA

A striking dissimilarity between EFTA and the EC is that the EFTA members retain their individual agricultural policies. There is no all-embracing protectionist apparatus such as the Common Agricultural Policy of the EC. However, there are similar objectives for agriculture in EFTA, which apply to most member countries. They are: To raise agricultural income to the level of income in other sectors, to encourage price stability, and to improve agricultural efficiency by increasing farm size wherever possible.

The policies employed to achieve agricultural goals are indeed diverse in EFTA as a result of economic, social, and particularly geographic differences. Agricultural policies in the individual countries must take into account social consequences as well. For example, in Norway, farming is concentrated on small farms in the south; however, many farmers are located in isolated northern areas. These farmers are highly supported, partly so that Norway can retain a population in remote areas.

In Finland, where producer support prices are above the EFTA (and EC) averages, most of the farms are very small holdings nestled among forests and lakes. High price incentives have contributed to surplus production of dairy products and grains in Finland in recent years, and policy has attempted to curb output. A voluntary land-retirement plan (soil bank) was instituted in 1969, the first in Western Europe. However, the situation of too many farmers on too many farms is still a problem in Finland—in contrast to the other Scandinavian countries where the number of farms has been declining at rapid annual rates—and probably will continue until the rate of transfer of manpower into industrial sectors increases.

In Portugal, where per capita income is only one-quarter that of the EFTA average, productivity is low, and attempts have been made to discourage marginal wheat production, while encouraging output of livestock products. Portugal is the only EFTA country in which the main emphasis in agriculture has been on livestock production.

In Austria, the government has been attempting to increase farm size by land consolidation and to improve rural areas

by building roads and increasing investment in drainage systems. Switzerland also faces problems of small, fragmented farms; consequently, government expenditures to improve the structure of agriculture have been increasing. In 1967, Sweden began a unique program in EFTA of reducing its level of self-sufficiency in agriculture from about 95 percent to 80 percent by 1975. Policy has been directed at reducing the number of small farms and transferring marginal labor from agriculture to industry.

Programs to encourage structural improvement in agriculture are common in nearly all of the EFTA countries. There are still too many farmers, and farm size is too small. For EFTA as a whole, the agricultural labor force is about 10 percent of the total labor force; the percent varies widely from about 3 percent in the United Kingdom to about 33 percent in Finland and Portugal. Farms in EFTA average only about 30 acres (compared with about 350 acres in the United States). In the United Kingdom, they are considerably larger than the average, about 75 acres. Farms in Portugal and Norway average only about 12 acres. In Denmark, the average farm is about 35 acres.

U.K., Danish farm policy

Two strikingly different agricultural policies within EFTA are those of the United Kingdom and Denmark. The agricultural economies of these two countries are quite dissimilar. The United Kingdom is one of the world's largest importers of agricultural products, importing about half its food needs (normally nearly \$500 million from the United States). Consequently, one important aspect of its agricultural policy is an attempt to keep food prices low. This is accomplished through a "deficiency payments" system. The producer is guaranteed a stipulated price (up to a certain level of production) and permitted to sell his production on the market in competition with low-priced imports. The farmer is then reimbursed by the government for the difference (or deficiency). Of course, the costs of sustaining this program are high, and the taxpayer supports the farmer in contrast to the situation in the European Community where the consumer pays much higher prices for foodstuffs.

Denmark, unlike the United Kingdom, is a net food exporter; consequently, its internal policy usually reflects export developments. In Denmark, part of the farm supports is derived from a complex scheme under which revenues received from export and domestic sales of major foods and agricultural products are pooled and redistributed. The farmer receives a weighted average of the prices received for both export and domestic sales. Since exports account for about two-thirds of production for many commodities and export prices have been declining in recent years, domestic food prices have increased. However, according to the farm organizations, the increases have been insufficient to compensate for rising production costs.

Thus, the consumer in Denmark pays a higher relative price for food as export prices decline. The consumer in the United Kingdom pays a lower food price but relatively high taxes to compensate the producer. There is currently considerable debate in the United Kingdom concerning possible modifications of the support program, as well as a long-range program to increase domestic production of imported agricultural products. The present Labor Government apparently favors a continuation of guaranteed prices and deficiency

payments, backed by minimum import prices and levies. The Conservatives are advocating emphasis on the reverse—higher minimum import prices and levies, backed by lower guaranteed prices and deficiency payments. Whether present policy continues in both Denmark and the United Kingdom will, of course, depend upon the outcome of forthcoming discussions between these countries and the EC.

Trade developments

EFTA, although it contains only about 3 percent of the world's population or about 100 million people, normally purchases between 15 and 20 percent of the world's commodity imports. This import demand reflects a high rate of industrial expansion in most EFTA countries.

The sharp increase in import demand also reflects rising per capita incomes. Sweden, whose per capita income in 1968 was about \$3,100, is second only to the United States. Switzerland, at \$2,700, ranks among the world's wealthiest countries, with Denmark (\$2,400) and Norway (\$2,300) not far behind. The United Kingdom approximates EFTA's average per capita income at around \$2,000. Austria and Finland are both around \$1,500, while Portugal's per capita income was slightly above \$500 in 1968.

The formation of EFTA definitely has stimulated trade among its members. Comparing 1961, a year after EFTA came into force, with 1968, trade between EFTA members increased more rapidly than their total trade. Trade (imports and exports) between EFTA countries increased by over 90 percent, while their total trade rose by about 60 percent. In 1968, total imports by EFTA members amounted to \$39.8 billion, while exports totaled \$32.6 billion. Imports by EFTA countries from one another reached \$9.0 billion in

1968, compared with \$4.7 billion in 1961. The increase was most significant for the two largest industrial EFTA members, the United Kingdom and Sweden, although the increase was also strong for most of the other EFTA countries.

The overall increase in intra-EFTA trade since the establishment of the free trade area resulted to a large extent from accelerated industrial production in many of the member countries. Manufactured goods account for about 75 percent of total intra-EFTA trade. During the 1959-67 period, Austria, Switzerland, and Sweden each recorded the highest average annual rates of increase in imports from other EFTA members, about 14 percent, compared to 11 percent for all of EFTA. The United Kingdom, although its rate of increase in imports from other EFTA members was only about 8 percent, is still the most important source of imports for other EFTA countries, normally accounting for about 30 percent of total intra-EFTA imports.

Trade with the EC, which usually accounts for 25-30 percent of total EFTA trade, is in deficit. Total imports by EFTA members from EC countries were valued at \$12.1 billion in 1968, while total exports were \$8.0 billion. The growth in EFTA imports of machinery and transport equipment contributed to the deficit. Normally the deficits with the EC are greatest for Switzerland, Sweden, Austria, and Denmark (whose agricultural exports to the EC countries were sharply reduced by the variable levy system). Since the inception of the common external tariff, EFTA agricultural exports to the EC have declined.

EFTA trade with third countries has been increasing and amounted to \$15 billion in 1968. One of the main reasons for the importance of EFTA's trade with third countries is the United Kingdom's traditional trade links with North

EFTA COUNTRIES: IMPORTS FROM EFTA, EC, UNITED STATES, AND WORLD

Country	EFTA			EC			United States			World		
	Total		Agric.	Total		Agric.	Total		Agric.	Total		Agric.
	1961	1968	1968	1961	1968	1968	1961	1968	1968	1961	1968	1968
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Austria	190	459	26	884	1,432	96	88	84	16	1,485	2,496	331
Denmark	636	1,288	72	735	1,052	68	150	274	95	1,864	3,213	422
Finland	362	594	26	395	421	29	73	72	15	1,153	1,691	206
Norway	655	1,165	51	521	667	38	112	206	49	1,614	2,704	265
Portugal	155	265	10	249	394	13	50	86	21	656	1,178	266
Sweden	819	1,781	144	1,166	1,756	113	332	474	63	2,918	5,122	613
Switzerland	335	741	44	1,685	2,671	318	277	402	54	2,693	4,493	715
United Kingdom ..	1,556	2,788	588	1,897	3,759	667	1,354	2,536	427	12,314	18,958	5,444
Total EFTA	4,708	9,081	931	7,532	12,152	1,342	2,436	4,134	740	24,697	39,855	8,262

EFTA COUNTRIES: EXPORTS TO EFTA, EC, UNITED STATES, AND WORLD

Country	EFTA			EC			United States			World		
	Total		Agric.	Total		Agric.	Total		Agric.	Total		Agric.
	1961	1968	1968	1961	1968	1968	1961	1968	1968	1961	1968	1968
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
Austria	181	471	18	596	802	70	46	92	6	1,202	1,989	101
Denmark	672	1,291	537	442	602	260	117	216	122	1,514	2,582	1,083
Finland	353	642	39	324	403	20	46	96	12	1,054	1,636	90
Norway	413	879	63	230	453	41	75	160	22	929	1,936	153
Portugal	72	246	35	71	123	24	39	79	23	326	732	137
Sweden	1,039	2,145	74	764	1,339	56	134	384	12	2,735	4,937	108
Switzerland	350	837	29	836	1,420	28	190	416	19	2,029	3,949	185
United Kingdom ..	1,350	2,056	64	1,718	2,864	125	791	2,106	45	10,311	14,822	510
Total EFTA	4,430	8,567	859	4,981	8,006	624	1,438	3,549	261	20,100	32,583	2,427

Total trade from OECD, *Commodity Trade Series C* (1961 for Finland, *United Nations Commodity Trade Statistics*). Agricultural trade from *United Nations Commodity Trade Statistics*.

America, Australia, New Zealand, and South Africa. Japan also is becoming an important EFTA trading partner.

Agricultural trade

The United Kingdom and Denmark are EFTA's major agricultural traders. Since EFTA's inception, the United Kingdom has imported about 60 percent of the agricultural products imported by EFTA countries, while Denmark, the United Kingdom's principal EFTA supplier, exported slightly more than 60 percent of the agricultural products exported by EFTA members. No discernible change in trend for any particular commodity has been noted since EFTA came into force, as agricultural goods have remained exempt from tariff-free treatment. From 1961 to 1968, trade in agricultural goods classified under Annex D of the EFTA Convention (goods excluded from tariff-free treatment) increased by only 6 percent.

Among the EFTA countries, Denmark is the most important supplier of agricultural goods to other EFTA members, providing the following shares of agricultural imports by EFTA countries from fellow members: The United Kingdom, 84 percent; Sweden, 72 percent; Switzerland, 57 percent; Austria, 52 percent; Portugal, 40 percent. Finland imports about 54 percent of its intra-EFTA agricultural imports from Denmark.

Intra-EFTA imports of certain agricultural commodities are significant. For example, Norway, Finland, Sweden, and the United Kingdom import nearly all their pork imports from other EFTA members—largely from Denmark. Imports of cheese by Sweden and Norway, poultry by Austria and the United Kingdom, and milk powder by Switzerland are mainly from other EFTA members. Austria and the United Kingdom get much of their butter from EFTA partners.

The United States has been an important supplier of feeds, oilseeds and cakes, tobacco, and processed foods to many of the EFTA countries. Agricultural imports by EFTA countries from the United States amounted to \$740 million in 1968, less than 10 percent of total agricultural imports. This relationship has not fluctuated notably since the birth of EFTA. Nearly 60 percent of agricultural imports by EFTA members from the United States are purchased by the United Kingdom. On the other extreme, agricultural imports by Austria and Finland from the United States are relatively small, together totaling around \$30 million. Nearly half of EFTA's agricultural exports to the United States are from Denmark and consist largely of canned pork products.

EFTA's future

On the tenth anniversary of its birth, EFTA's future is clouded by the uncertainty of its relationship with the EC. Whether the present polarity of markets continues in Western Europe may depend upon the outcome of talks—regarding wider European integration—between the EC and the United Kingdom, Denmark, and Norway. At their summit conference last December, the EC Ministers decided to begin these talks about the middle of 1970. Many other EFTA members have expressed a desire for some arrangement with the EC, short of full membership, and negotiations on these arrangements are expected in late 1970. It is clear that these forthcoming negotiations will be difficult, particularly because of the Common Agricultural Policy of the EC, which is now causing great internal and external difficulties.

Partly as a result of this continuing uncertainty, proposals have been made for a new trade arrangement, within the framework of EFTA, between the Nordic countries—Norway, Finland, Sweden, and Denmark. This arrangement would be called "Nordek." In 1968, when discussions on Nordek began, prospects for an expanded EC were tenuous, and there was strong support for a Nordic customs union. Such a union could be an advantage to Danish agriculture, which dominates Scandinavian production, and to various categories of Swedish, Finnish, and Norwegian industry, which could benefit by common tariff schedules. Draft treaties on Nordek were presented to government officials of the Nordic countries in 1969. The four countries failed to reach complete accord on key issues in agriculture, finance, and fisheries. However, in principle, a wide range of agreements in commercial fields were made, and there is agreement that a common plan for the harmonization of agricultural policies should be adopted by 1974. Nordek discussions are scheduled to continue although some participant countries do not view Nordek as an alternative to EC membership. The outcome will clearly depend on the negotiations between the EC and EFTA countries in the next year or so.

Integration of the EFTA and EC markets in itself will not be a panacea for agriculture in Western Europe or any country therein unless structural improvements occur within the individual countries. One of the few certainties in EFTA is that structural improvements in agriculture will continue during the 1970's. Since the EFTA countries are mainly industrial, their priority is to develop industry and minimize expenditures on agriculture except when the latter can offer good prospects of high return. Whether the necessary improvements can take place collectively within an enlarged market structure remains a question which armchair and professional economists as well as government officials are currently debating.

El Salvador's Production of Grains

The 1969-70 harvests of major grain crops are over in El Salvador, and the Ministry of Agriculture has issued production estimates based on a sample survey of 4,100 producers.

Corn production, according to preliminary estimates, may reach 296,000 metric tons, 30,000 tons over the previous record harvest in 1966-67 and 46,000 tons higher than the 1968-69 output. The area planted to corn increased from 200,000 hectares to 215,300 (494,200 acres to 532,000). Excellent weather conditions boosted yields to a new high. With a 15,000-ton carry-in, the 1969-70 production means that supplies will be ample without substantial imports. Imports in 1967, following the record crop, amounted to 14,500 tons, and in 1968, 41,000 tons, mostly from sources within the Central American Common Market (CACM).

Sorghum production is estimated by the Ministry of Agriculture at 106,800 metric tons, not a record but still 13,800 tons over last year's output. The area planted increased by 7,000 hectares (17,297 acres), and the main crop benefited from excellent rains.

Rice production is declining because of low prices and surpluses throughout the CACM. The 1969-70 production is put at 42,550 metric tons (milled), compared with 51,750 tons in 1968-69, according to a preliminary report.

John D. Motz, former U.S. Agricultural Attache to Greece, reports on developments which have occurred in Greek agriculture during the past 5 years.

Some Improvements in Greek Agriculture

Although the basic problems of Greek agriculture, small farm units and an outdated marketing system, remain unsolved, progress in modernizing some aspects of the agricultural sector has been made in the past 5 years.

The livestock sector has been the object of special study. Greece is importing almost \$150 million worth of meat and dairy products annually, and the rate is increasing reflecting the rise in the standard of living and the growing number of tourists. Most of the red meat imports have been frozen beef from South America, lamb and mutton from Australia and New Zealand, and some chilled beef from Yugoslavia. Until recently feeder calves were imported from Yugoslavia for fattening. However, as part of an overall effort to check rapidly increasing foreign exchange expenditures for meat and dairy product imports, the Greeks are striving to develop their own livestock industry.

Last year the Ministers of Commerce and Industry approved a plan to import 720 month-old heifers for replacement purposes from the United States to be maintained for 3 months at the American Farm School in Thessaloniki. The first arrivals took place in mid-September and the second shipment will be made in March. The purchase was carried out through direct contract with U.S. firms, not through international tenders.

Large-scale operations

The government has been encouraging commercial-size production units to take the place of the traditional small farms, and is developing a program for improving large areas

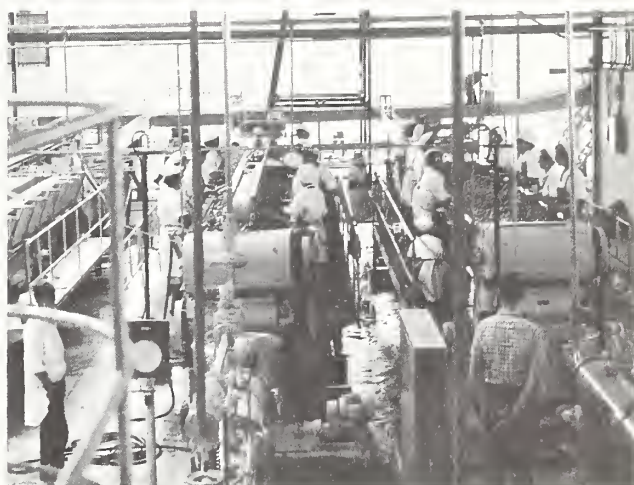
Below, a planeload of U.S. calves arrives at Thessaloniki. A total of 700 calves will be flown in by February; upper right, two supermarkets in Athens, one belongs to a private chain and the other is a franchise unit; bottom right, new tomato paste processing plant, which is located in central Greece.

of unused or underused land for grazing purposes. Concessions are being offered to swine breeders to organize units of over 500 head of brood sows. Licenses for four units have already been approved and three more are pending. The new units under construction are modern and if good feeding practices are followed they will produce the type of lean pork desired by the Greek market. Efforts are also being made to bring a private U.S. swine enterprise to Greece to establish a breeding unit.

An OECD regional project, the Thessaly Livestock Development Program, is in its second year of operation. Under this program two large 72-cow dairy units are being established. The government has come to the realization that in order to have an efficient dairy industry larger units are necessary. It is possible that in the future loans for dairy operations will be given only for units of at least 24 cows each and to farmers who have completed a course of training.

Training facilities

Another part of the program to improve the livestock sector involves the establishment of a modern 24-cow unit dairy barn at the American Farm School which will be used



for demonstration and training of extension personnel, livestock specialists, and private dairy operators. The project has been financed from proceeds of a P. L. 480 loan program.

A problem in the livestock sector which is being studied is that of the pricing of meat products. There is a growing realization that producers must be given the opportunity to make a profit if they are to increase production. The present marketing system, the Market Police System, has existed for more than 25 years and was originally set up as a mechanism to control prices and protect consumers. Wholesale prices are prescribed and specific markups for retail prices are regulated. In many instances prices are arbitrarily established which fail to recognize the cost of production. The system breaks down in the policing and verification of thousands of invoices which must be examined. The government recently announced a plan to modernize this outdated system.

Supermarkets take hold

The development of the supermarket system which is becoming popular in Greece, particularly in Athens, will facilitate the marketing of meat products. At the present time three companies run supermarkets in Athens; the largest has a chain of seven stores. The supermarkets feature both domestic and imported food and household items. One of the chains is associated with an American company which is the agent for more than 22 lines of U.S. food products. As the supermarket concept expands, chain-owned processing facilities will develop. In fact one of the organizations has already ventured into this area and is contracting directly with processing and canning units for olives. A modern wholesale market, partially financed with a U.S. Government grant, was completed recently in Athens. The market has cold storage and freezing facilities as well as a poultry processing plant.

Poultry production expands

During the past 5 years considerable progress has been made in the poultry industry. Meat production has been increasing rapidly and local production can almost meet domestic requirements for poultry meat as well as eggs. In 1964 approximately one-third of the poultry consumed was imported. Beginning in 1965 subsidized frozen poultry from Western Europe was imported in substantially increased quantities, and by 1967 the c.i.f. price of frozen imported poultry from certain European countries was below the production costs of domestic poultry in Greece. To protect local producers, the Greek Government in the fall of 1967 established a gate levy on all imported poultry. As a result imports fell from 9,953 tons in 1967 to 6,533 tons in 1968 and about 4,000 tons in 1969. The gate levy was increased still further in December 1969. This action will probably reduce imports even more and stimulate local production.

Efforts are being made to spur local feedgrain production. The total local production of mixed feeds amounted to 260,000 metric tons in 1968 and about 90 percent of this was consumed by the poultry industry. Greece's largest mixed feed plant recently opened at Platy, west of Thessaloniki. The plant has the capacity to produce 30 metric tons per hour and is expected to have an annual production of about 100,000 metric tons of mixed feeds.

There is one large integrated broiler production enterprise

in Greece which has its own parent stock, hatcheries, production units, processing plant, freezing and cold storage, and approximately 60 retail outlets. This organization imports a premix concentrate from the United States to insure uniform feeding. Progress in modernizing egg production has been slower. Larger and better managed layer units are being established to replace the units presently concentrated in the village of Megara, west of Athens.

Although there is often a surplus of domestically produced milk, imports of condensed, evaporated, and dried milk are increasing steadily. The domestic fluid milk, although pasteurized, does not meet the modern-day quality standards. Therefore substantial improvements are needed. A considerable amount of milk is processed into cheese. The problems of the dairy industry flow from the small units of production. The average number of cows owned by a farmer is less than two. Efforts have been made in the past to encourage milk production with loans to farmers and by the construction of dairy processing plants. Thessaly, with its modern dairy barn, and the 24-cow unit at the American Farm School will help raise standards. A program to improve the milk quality in Greece has been initiated. In a number of areas animals are being tested for TB and brucellosis and those found with the diseases are being slaughtered.

Fruits and vegetables

Greece's varied climate permits the production of citrus as well as a wide range of deciduous fruits. One of the principal exports is dried fruit, primarily sultana raisins, currants, and figs. The production of apples, pears, and apricots reached record levels last year.

The biggest problem facing the fruit industry is marketing. Although the quality of the Greek fruit is high, better grading and standardization are necessary in order to develop continuing markets and to compete with other Mediterranean producers. Grading for local consumption is virtually nonexistent at the present time.

New varieties of both fruits and vegetables are being introduced in order to expand the harvesting season. Five years ago the peach crop was primarily of the Elberta variety and had to be harvested and shipped within a period of 2 or 3 weeks. Recently, additional varieties of the cling type have been planted. New varieties of oranges which are more suitable for processing are also being introduced.

During the past few months two American firms have started avocado nurseries in the area of Khania, Crete, with seed and grafted plants imported from California. The Greek Ministry of Agriculture has cooperated in the initial steps of the nursery operation by making land available.

Considerable development has taken place in off-season and early vegetable production, principally with tomatoes and cucumbers. The island of Crete and southern Peloponnesus are the two major production areas for early vegetables. The use of plastic greenhouses has developed rapidly and it is estimated that approximately 5,000 acres of plastic greenhouses are used for the production of early and off-season vegetables.

Until now the entire vegetable crop has been consumed locally. However two tomato paste plants, capable of producing approximately 30,000 tons of tomato paste per year, began operations this past summer. The Greeks hope that markets for this product can be found in the Middle East, Europe, and the United States.

The following article is the sixth in a series Foreign Agriculture is running on principal items in the farm trade of Middle East and African nations important to American agriculture.

Highlights of the Agricultural Trade of Morocco

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During the past 10 years, Morocco's total agricultural output has been in a slight upward trend. However, the per capita index of agricultural production has exceeded the base period, 1957-59, only four times.

The agricultural sector of the economy contributes an average of about 28 percent to gross domestic product. However, the growth in GDP has tended to fluctuate considerably from year to year, largely due to fluctuations in agricultural output. With the bad harvest in 1966, GDP fell from the 1965 level. There was a slight recovery in 1967, and in 1968 GDP rose by 13 percent. In each case agricultural production was largely responsible for the higher or lower level of GDP. In 1969 crops were well below the 1968 record, causing GDP to drop again.

Weather—as in many countries—is the main factor determining the size of Morocco's crop. However, few countries experience such extremes of weather from year to year

SELECTED IMPORTS OF MOROCCO

Commodity and country	Average 1960-64	1967	1968
	1,000 dollars	1,000 dollars	1,000 dollars
Wheat	15,492	59,922	42,744
United States	10,777	26,759	40,181
France	3,799	27,158	—
USSR	671	—	—
Wheat flour	2,337	3,000	1,994
United States	2,137	1,313	1,994
West Germany	148	—	—
Canada	—	1,687	—
Feed grains	¹ 2,966	² 1,270	—
United States	1,428	506	—
France	1,164	234	—
Sugar, raw	32,092	28,642	23,350
Brazil	(¹)	—	10,391
Cuba	(¹)	13,550	8,996
Poland	(¹)	1,397	3,759
Formosa	(¹)	9,263	—
Vegetable oils ³	6,716	11,225	16,772
United States	6,636	—	5,411
USSR	—	7,076	7,445
Rumania	—	3,416	3,269
Cotton	1,719	3,830	5,287
United States	1,058	1,680	4,629
Chad	332	783	205
Upper Volta	—	618	—
Tobacco	2,234	2,459	2,612
Brazil	708	734	637
Other agricultural imports	(¹)	54,903	81,946
Total agricultural imports ..	(¹)	165,251	175,885
Total imports	437,512	517,760	551,310

¹ Barley. ² Corn and barley. ³ Soybean, cottonseed, and sunflower oils. ⁴ Not available. *Statistiques du Commerce Extérieur*, Morocco, 1960-1968.

SELECTED EXPORTS FROM MOROCCO

Commodity and country	Average 1960-64	1967	1968
	1,000 dollars	1,000 dollars	1,000 dollars
Citrus	45,409	67,858	82,635
France	21,932	30,936	36,866
West Germany	11,104	10,966	14,700
USSR	3,896	12,673	12,559
Tomatoes	19,116	34,523	28,390
France	16,524	33,965	27,929
Wine	16,017	10,257	5,593
France	12,284	8,558	2,430
Wheat	2,531	—	322
France	1,951	—	—
Feedgrains ¹	7,333	221	876
Spain	3,373	—	—
Cotton	2,798	7,927	5,094
China	1,009	—	—
Spain	644	1,159	433
India	—	1,681	1,073
Other agricultural exports	(¹)	59,870	77,685
Total agricultural exports ...	(¹)	180,656	200,595
Total exports	372,259	424,089	450,142

¹ Mostly barley, corn, sorghum and millet. ² Not available. *Statistiques du Commerce Extérieur*, Morocco, 1960-1968.

as does Morocco. Agricultural trade, especially in cereals—Morocco's most important agricultural import—reflects these variable weather conditions.

Morocco's wheat deficit has been increasing for most of the 1960's, because even with efforts to increase output, production has remained fairly constant. Imports of wheat and flour fluctuate widely from year to year depending on the size of the previous harvest. The value of imports varied from a low of \$11.3 million in 1963 following a good crop in 1962 to a high of \$62.9 million in 1967 following a disastrous harvest in 1966 and only a fair one in 1967. The United States—largely under the provisions of Public Law 480—supplied an average of 67 percent of Morocco's wheat and flour imports from 1960 to 1968. A record cereal crop in 1968 probably reduced Morocco's import needs in 1969 to the lowest level of the decade. However, because the 1969 harvest was not enough to satisfy domestic consumption and the large stocks accumulated in 1968 are being drawn down, wheat imports will be up again in 1970, but well below the 1967 and 1968 levels.

In the early 1960's after a good harvest, Morocco exported some hard (durum) wheat, corn, and barley. However, following the excellent 1968 crops, no grains were exported.

Morocco's second most important agricultural import is sugar. However, lately there has been a downward trend in sugar imports because the government has been encouraging the growing of sugarbeets in order to save foreign exchange. Production of beets in 1968—780,000 tons—was 10 times what it had been in 1963. During the same period, output of

refined sugar increased from 7,000 to 98,000 tons. Because of flood damage to sugarbeets in the Rharb Plain, sugar production will be reduced considerably in 1969. Total production of refined sugar is estimated at 75,000 tons.

Morocco's production and exports of fruits and vegetables have been expanding rapidly during the last few years. Morocco has a good market for fresh fruits and vegetables in Europe, and the new Association Agreement with the European Community should improve Morocco's competitive position. Production of fruits and vegetables is not seriously affected by the weather because most of these crops are irrigated.

The value of fruit and vegetable exports has increased from \$126 million in 1964 to \$157 million in 1968, with citrus the most important factor in this increase. In addition, processing of fresh citrus may increase from 75,000-80,000 tons during 1968-69 to 200,000 tons in 1975. Percentage of the crop processed depends more on quality than on size of the citrus harvest. Citrus juice production and exports are trending upward, too.

Exports of potatoes and pulses are also expanding. Even

though tomato exports are below their 1960-64 level in quantity, they are bringing a higher price per unit.

The market for U.S. agricultural products in Morocco depends largely on the weather. If the wheat crop is short, there is a good market for U.S. wheat and flour.

The United States has been an important supplier of vegetable oils to Morocco; these products have been a significant part of P.L. 480 shipments to Morocco. Whether Morocco imports soybean oil from the United States or sunflower oil from Eastern Europe depends mainly on the relative prices of the two commodities. In recent years, Morocco has been shifting from U.S. soybean oil to the lower priced sunflower oil from the Soviet Union and Eastern Europe.

U.S. cotton has a small market in Morocco. The country has been exporting some long-staple cotton and importing short-staple, a situation which is likely to continue in the near future.

Most U.S. agricultural trade with Morocco is carried on under concessional terms. As long as this continues, the United States will be an important supplier of some agricultural goods to Morocco.

Bank Loans to Costa Rica, Panama, and Bolivia

The Inter-American Bank recently announced the approval of loans totaling \$13.9 million to Costa Rica, Panama, and Bolivia. The loans are to help finance economic development projects which will improve agricultural output.

The Fund for Special Operations lent \$2.5 million to the Republic of Costa Rica to carry out a farm research and extension program which will benefit some 40,000 rural families. The loan will be used to build or expand experimental farms, extension and research centers, and weather stations scattered throughout the country. This is expected to help increase per capita productivity of benefited farmers by about 12 percent over the next 3 years, according to Bank estimates.

In recent years most of the total investment in agriculture in Costa Rica has been devoted to the production of coffee and bananas, which together account for the bulk of the nation's foreign exchange earnings. To reduce this imbalance, the Government of Costa Rica is currently carrying out efforts to diversify farm output. The farm research and extension program will contribute to this goal by more than doubling the Ministry of Agriculture's technical capacity in research and extension. These improved services are expected to help raise output of meat, beans, corn, rice, and fruits.

The *Instituto de Fomento Económico* (IFE) of Panama was lent \$6.4 million from the Fund for Special Operations to help improve farm and livestock production and expand storage and marketing facilities for such basic grains as rice, corn, and beans.

Under the program, credits will be extended over a 4-year period to about 2,200 small-scale and 800 medium-scale producers to finance the purchase of farm and ranch machinery, pure-bred beef and dairy cattle, hogs, and poultry, for the preparation of land, and for fixed improvements of farms producing rice, corn, beans, vegetables, tomatoes, and oil-yielding seeds.

Some \$630,000 of the loans will be used by IFE to enlarge existing marketing facilities or build new ones and thereby increase its storage capacity for grains from 13,000 to 20,000

metric tons. This will also contribute to the IFE's national program on price supports and production controls.

Up to \$593,000 of the loans will be used to provide technical assistance to help IFE carry out production cost studies for basic grains, determine the location and design of new storage facilities, expand or remodel existing plants, and provide extension services to the program's beneficiaries.

The Bank estimates that the execution of the IFE program will lead to a 100-percent increase in the rice and corn productivity of the beneficiaries within 5 to 10 years; income levels of the benefited farmers are expected to rise by 20 percent annually 5 years after the program has begun.

The Fund for Special Operations lent \$5 million to the Republic of Bolivia to help finance the first stage of a credit program to expand cattle production throughout eastern Bolivia. The *Banco Agrícola de Bolivia*, the nation's agricultural development bank, will administer the project at a total estimated cost of about \$7.1 million.

The project will be carried out in the sparsely populated areas in and around Santa Cruz, a region which covers nearly 30 percent of Bolivia and accounts for about 20 percent of its 2 million head of beef and dairy cattle. Only 11 percent of the region is currently devoted to cattle raising, largely because of poor ranch management techniques, bad sanitary conditions, and lack of farm credit and extension services.

The project seeks to increase cattle herds in the area by 15 percent which, together with a similar projected increase in the neighboring Beni area, the Bank hopes will boost eastern Bolivia's beef production sufficiently by 1980 to leave a surplus for export, primarily to Peru and northern Chile.

Specifically, credits will be extended under the project for the purchase of pumps, planting and maintenance equipment, 50,000 cows and 2,000 bulls; the construction of corrals, sheds, silos, fences, wells, and other facilities; and the seeding of about 29,600 acres of land with selected varieties of pasture grass. In addition, up to \$70,000 of the Bank loan will be used to provide technical assistance to help the *Banco* improve administration credit and personnel training.

Austrian Agriculture—Problems and Prospects

By ALAN W. TRICK
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Austria's agricultural economy is controlled and supported by the government in many ways.

Except for mandatory production controls, the country has instituted most of the support and control measures applied today in other developed countries. Guaranteed prices, government purchasing of surplus commodities, government programs to assist in the storage of surplus products, subsidization of fertilizers and fuel, cooperative marketing arrangements—all are currently in use. Also, rigid import controls are applied on most basic farm products.

Austria has reached slightly more than 80 percent self-sufficiency in farm products in recent years. This compares with a pre-World War II self-sufficiency of 75 percent and a 53-percent ratio in the chaotic years immediately following the war. However, the country is not yet self-sufficient in some farm commodities that it can produce efficiently.

Austrian farm income levels are still low, and the country is now experiencing serious agricultural maladjustments for the first time in recent years. The major problem is overproduction of certain commodities, mainly milk, wheat, and pork. Austria's political neutrality plays an important role in farm policy matters, furnishing both incentive and underlying reason for both its goal of increased agricultural self-sufficiency and its agricultural programs.

Grain program

Farm planners are attempting to solve the surplus wheat problem by encouraging, but not subsidizing, increased feeding of wheat. Prices of grains that are not produced in sufficient quantities—primarily feedgrains—have been increased. Guaranteed prices for ordinary soft wheats have been reduced. Although by no means solved, the situation is better

now and will improve further if 1969 production patterns can be repeated in 1970.

Total wheat production in 1969 is estimated down by 10 percent from 1968. Feedgrain production projections place the 1969 crop at about 20 percent above that of 1968. Some 153,000 acres of additional feedgrains were planted in 1969. However, most of this additional acreage was previously not cropland; only about 30,000 acres were switched from wheat to corn, barley, or oats. In all, some 1.3 million acres are estimated to have been sown to feedgrains in 1969. Production conditions in both 1968 and 1969 were excellent. A return to normal growing conditions will also tend to assist Austria in bringing wheat production into balance with consumption.

Dairy dilemma

In the early part of 1968 domestic production of milk increased sharply, and a serious surplus situation seemed to be in the making. Similar developments in other European countries at that time placed strict limitations on Austrian dairy exports. Austrian export subsidies required to remove surplus supplies reached such a high level that available funds were soon nearly exhausted. The net price paid to farmers for milk was reduced, and internal disposition efforts were successfully expanded. Relief also came in the form of a rain-spoiled roughage crop, which helped reverse the uptrend in milk yields.

Austrian authorities do not delude themselves that the end of the dairy industry's difficulties is in sight. The country is still heavily dependent on dairy exports to dispose of milk supplies in surplus. But access to traditional export markets must be bought at a price that places a heavy burden on the dairy industry and the Treasury alike.

The obvious conclusion is that Austrian milk production must not be allowed to resume its previous growth. At the

Two common Austrian farm scenes—return of the dairy herd at milking time and pigs feeding—show beginnings of two of the country's problems, overproduction of milk and pork. Austria depends on exports to move surplus milk, and the hog industry has been warned against further growth.



same time, experts are agreed that average milk yields must be raised to make dairying a more profitable business, especially considering what "milk money" means to mountain farmers. Currently, it is thought that a significant cut in cow numbers might be a partial solution.

To what other pursuits might a dairy farmer resort? The official answer is that he should either grow feedgrains or raise beef cattle. The shift from milk to beef has been determined to be the answer to the dairy problem even though Austria is almost self-sufficient in beef.

It has been common practice in Austria to sell bull calves for slaughter and to retain female calves for herd building. Now the government strongly urges farmers to raise bull calves for the feeder markets and to sell the female calves for veal. One reason for this policy is that the European Community generally admits duty free feeder stock up to weights of 660 pounds. To encourage the use of female calves for veal the Ministry of Agriculture has been paying a feeding premium of \$7.70 per head for female slaughter calves with a finished weight of more than 265 pounds.

A 3.3-percent decline in numbers of female cattle registered last year is officially presented as tangible evidence of the success of this program. Export subsidies have, however, also been needed to achieve desired export levels.

Curb on pork production

For several years the Austrian Agriculture Ministry has pursued a policy of restricting imports of pork, with a view to keeping prices to hog feeders at the high levels they reached during a pork shortage in 1966. This policy has led to an upsurge in hog numbers and marketings, accompanied by a corresponding decline in pork imports.

More hogs were delivered from Austrian farms last summer and fall than the domestic market could absorb, but there was no serious market glut. Although statistics on these marketings are not yet available, deliveries are estimated to have been up 6 to 8 percent over the previous year. A rise in consumption helped relieve the disposition of these supplies. Pork imports were negligible during most of 1969.

Austrian authorities have both the experience and the financial resources to deal effectively with low-level overproduction of pork. Cold storage operations play an important part in such surplus-disposal schemes. While there is no immediate danger of distressed hog markets and major price slumps, government and farmer organizations have issued stern warnings to the hog industry against any further expansion. In view of the virtual impossibility of moving relatively high-priced Austrian pork abroad, a pork surplus of the order of more than 10,000 tons would add considerably to the overall surplus problem of Austrian agriculture.

Containment of poultry production

Austrian poultry operations have expanded spectacularly since the early fifties, but consumption of poultry meat has kept a few jumps ahead of production increases. Thus, there continues to be a sizable import requirement for broilers, parts, and some other poultry items. In 1968, 75 percent of the poultry meat and 82 percent of the eggs consumed in the country were supplied from Austrian farms.

It is estimated that the import potentials for chicken meat and shell eggs could be wiped out by only 1,600 additional farms each producing 6,750 broilers per year and 2,600 ad-

ditional farms with layer flocks of 500 each. There is a good chance, therefore, that an adequate price incentive could within a year result in Austrian farms' producing all the poultry and eggs the country can consume, and possibly more.

This overproduction possibility has been recognized by Austrian planners. Their policy has been to restrain the creation and growth of "factory-type" poultry operations—mainly through higher taxation of commercial poultry operations and import of poultry products.

By Austrian definition a poultry operation is rated as a commercial undertaking if it needs to buy the bulk of its feed. Hence, it is still the family farm that produces the major part of domestic poultry supplies.

The Austrian Ministry of Agriculture would like to see the poultry industry organized on a cooperative basis, with as many small farms as possible participating in the venture. There are already several such fairly large broiler centers, each comprising 500 or more farms; these farms usually are grouped around a cooperative slaughtering plant. The broiler centers have a good record of dependability.

In July 1969 the Austrian Government replaced fixed import tariffs on imported poultry meat with a system of threshold prices and variable levies. This measure was explained as a necessary step to prevent excessively low-priced poultry meat imports. Although it is still too early to assess the effect of these levies on imports it appears that the level of current threshold prices is not overly protective.

Farm-related problems

As is evident from the foregoing discussion, the achievement of higher levels of self-sufficiency by Austrian agriculture has not been without serious problems. Two other present difficulties are: (1) The high costs of farm programs to Austrian consumers both in high food prices and taxes; and (2) the conflict of higher agricultural production with Austrian foreign trade interests.

One example of the conflict with foreign trade interests: The trade with its Eastern neighbors in nonfarm products that Austria is trying to expand is impaired by Austrian agricultural self-sufficiency and increased production. Austria, in general, is not interested in imports of hard goods from these nonconvertible currency countries, and its import needs of farm products are also declining. Nor can Austria export high-cost farm products to the West without immense export subsidization since these countries are generally facing surpluses of the same types of products. In addition, the Western trading partners are becoming more critical of tight Austrian import controls, among which is the preferential import status given to certain farm products from East European countries.

Long-term non-EC membership or association will also probably substantially dampen Austria's capabilities for increasing nonfarm exports. Therefore, without a substantial improvement in nonfarm production efficiency, decreasing farm imports could place serious limitations on Austrian foreign trade.

It is not known, of course, whether Austria will in the future adopt nonprotectionist agricultural policies similar to those now in use or under consideration in some Scandinavian countries. It is certain, however, that Austrian agricultural problems are not diminishing.

CROPS AND MARKETS SHORTS

First Quarterly Estimate for U.S. Meat Imports for 1970

The Secretary of Agriculture announced on January 12 that the first quarterly estimate of meat imports into the United States during 1970 places the expected total at 1,061.5 million pounds.

He pointed out that this quantity is approximately 40 million pounds below the amount which would call for Presidential action to invoke meat import quotas for 1970.

The Secretary said that this estimate would be higher were it not for restraints to be placed on shipments to the United States by principal foreign suppliers during 1970. Discussions have been held by the Department of State with the governments of all of the major countries exporting these meats to the United States. Commitments were made to limit exports to the United States and these limitations are reflected in the new estimate.

The program of voluntary commitments for 1970 continues the program of restraints effected by these suppliers during 1969 and the last quarter of 1968.

Public Law 88-482, enacted in August 1964, provides that if yearly imports of certain meats—primarily beef and mutton—are estimated to equal or exceed 110 percent of an adjusted base quota, the President is required to invoke quotas on imports of these meats. The adjusted base quota

for 1970 is 998.8 million pounds. The amount of estimated imports which would trigger the imposition of quotas is 1,098.7 million pounds.

A list of the imports of meat subject to P.L. 88-482 by months from January 1966 through November 1969 follows:

Month	1966	1967	1968	1969 ¹
	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>	<i>Mil. lb.</i>
January	51.4	77.4	80.7	41.9
February	60.3	58.5	72.6	50.4
March	49.4	61.9	64.1	136.1
April	63.3	58.8	78.3	90.0
May	52.0	51.5	56.1	80.5
June	100.2	69.6	105.1	85.7
July	61.4	88.7	86.4	107.1
August	87.1	92.2	108.6	141.8
September	91.5	89.7	115.5	121.4
October	79.7	91.8	102.1	108.3
November	61.1	82.3	95.8	51.4
December	66.0	72.4	35.6	—
Total	823.4	894.9	1,001.0	—

¹ Rejections occur after entry is made and are included in the published Census figures. Rejected meat which is not subject to P.L. 88-482 and should be subtracted from these figures amounted to 11.0 million pounds during the January-September period.

EC Global Quota for Raisins

The Council of the European Communities has adopted a regulation opening and apportioning the EC tariff quota for dried grapes. The grapes, in immediate packing of a net capacity of 33 pounds or less, have the common customs tariff number 08.04 BTN. The quota customs duty rate is 1.2 percent ad valorem.

The global quota covering the period December 1, 1969, to November 30, 1970, is distributed as follows:

	<i>Short tons</i>
West Germany	2,802
France	445
Italy	159
Netherlands	220
Belgium-Luxembourg	279
Total	3,905

This quota is sometimes called the Iranian quota because it originated in the EC-Iranian Trade Agreement of 1963. It is open to imports from all countries.

Belgium and Lettuce; EC and Celery

The Belgian Ministry of Agriculture permitted the import season for U.S. iceberg lettuce to begin on December 15. The ministry has not decided yet whether the seasonal period will end on March 31, as it did last year, or extend to April 15, as requested by the United States. One Belgian supermarket chain began on December 16 featuring U.S. iceberg lettuce which was transshipped from stock in Rotterdam.

Recently the EC Council confirmed that imports of celery from all third countries will be liberalized Mar. 1, 1970.

EC Quotas on Turkish Dried Fruit, Nuts

Economic Community press release No. 477, dated December 29, 1969, announced reduced or zero-duty quotas for raisins, figs, and hazelnuts (filberts) from Turkey. The quotas cover calendar year 1970.

The dried fig quota covers packages of 33 pounds or less. The quota totals 20,833 short tons at a reduced duty rate of 4.7 percent (third country duty—10 percent) and is distributed as follows: France, 8,280; Germany, 5,000; Belgium-Luxembourg, 1,094; Italy, 920; Netherlands, 331; Community reserve, 5,208.

The raisin quota is for packages of 33 pounds or less up to a total of 42,516 short tons at zero duty (third country duty—6 percent). It is distributed as follows: Netherlands, 11,023; Italy, 8,106; Germany, 6,063; Belgium-Luxembourg, 4,146; France, 2,552; Community reserve, 10,626.

Filberts will be allowed to enter at a reduced duty of 2.5 percent (third country duty—4 percent) up to the quota of 20,613 short tons distributed as follows: Germany, 12,677; France, 1,543; Netherlands, 1,113; Belgium-Luxembourg, 799; Italy, 55; Community reserve, 4,426.

The Community reserve tonnage is distributed on a first-come-first-served basis after an individual country's allocation is used up.

French Canned Food TVA Rate Down

The French Minister of Finance has lowered the value added tax (TVA) for canned foods from 17.6 percent to 7.5 percent. This reduction is expected to be reflected in

retail prices and may partly compensate for the effects of expected increases in prices of wine and other agricultural products. The effective date of this decrease in the tax was January 1, 1970.

Danish Import Licenses for Onions

The Danish Ministry of Commerce has announced the unrestricted issuance of import licenses for onions during the period from January 20 through April 15, 1970. During the open import season for onions (April 16-May 31) no licenses will be required.

Onion Prices High in England

Onions have been selling at higher prices in London during December. Wholesale prices at Covent Garden are ranging from \$4.32 per 56-pound bag for English onions to \$5.40 per bag for Polish onions. When U.S. onions are sold in London, they usually average about two shillings (24¢) less than Polish onions.

Portuguese Dried Figs Poor Quality

Portugal's 1969 commercial dried fig pack is placed at 10,000 short tons, slightly below last year. The pack's average quality is poor because of rain during the harvest season. Approximately 6,000 tons of the 1969 pack will be suitable only for industrial alcohol. As a result of the low average quality, 1969 exports are forecast at 2,500 tons, the lowest level in recent years.

1968 exports totaled 6,041 tons, consisting of 5,163 tons of paste, 869 tons edible whole, and 8 tons limited to industrial usage. The United States is the primary importer of Portuguese fig paste, taking 4,459 tons in 1968.

COMMERCIAL SUPPLY AND DISTRIBUTION OF PORTUGUESE DRIED FIGS

Item	1966-67	1967-68	Preliminary 1968-69
	1,000 short tons	1,000 short tons	1,000 short tons
SUPPLY			
Beginning stock	0.6	0.9	0.6
Production	10.0	10.0	11.0
Total supply ¹	10.6	10.9	11.6
DISTRIBUTION			
Exports:			
Edible whole9	.9	.9
Edible paste	3.1	4.8	5.1
Industrial6	.2	—
Total exports ¹	4.6	5.9	6.0
Domestic disappearance	5.1	4.4	5.3
Ending stocks9	.6	.2
Total distribution ¹	10.6	10.9	11.6

¹ Totals may not equal sum of parts due to rounding.

Smaller Iranian Dried Fruit Production

Spring frosts cut the 1969 Iranian dried apricot and raisin crops and dropped total dried fruit production to 363,400 short tons, the lowest level since 1964. In some areas, im-

proper spraying resulted in fungus infestation of dried apricot and raisin production. Production of apricots and raisins is reported at 4,400 tons and 39,000 tons, respectively, considerably below the 1968 levels of 9,400 and 66,000 tons. Heavy spring rains which flooded the date growing area contributed to a larger date crop. Production totaled 320,000 tons, 4 percent above the 1968 crop of 309,000 tons.

Lower exports are forecast during the current season. Date exports are expected to approximate the 1968-69 season level of 22,000 tons. Exports of dried apricots and raisins, however, are expected to be lower than last year. The principal foreign markets for Iranian dried apricots in 1968-69 were the USSR, East Germany, and West Germany. These markets plus the United Kingdom and Czechoslovakia were the main buyers of raisins. The United States is the main importer of Iranian dates.

IRANIAN DRIED FRUIT PRODUCTION

Item	1966	1967	1968	1969 ¹
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons
Apricots	2.8	7.2	9.4	4.4
Dates	320.0	310.0	309.0	320.0
Raisins	70.0	50.0	66.0	39.0
Total	392.8	367.2	384.4	363.4

¹ Preliminary.

South African Canned Fruit Prices

London sources report higher 1970 opening prices for South African canned deciduous fruits. Selling prices on the United Kingdom market are as follows:

SOUTH AFRICAN CANNED FRUIT PRICES

Fruit and can size	Fancy		Choice		Standard	
	1969	1970	1969	1970	1969	1970
	U.S. dol. ¹	U.S. dol. ¹	U.S. dol. ¹	U.S. dol. ¹	U.S. dol. ¹	U.S. dol. ¹
Apricot halves, Royals:						
2½	3.03	3.42	2.94	3.30	2.82	3.18
No. 1	1.95	2.19	1.86	2.10	1.80	1.98
8 oz.	1.30	1.44	1.28	1.41	1.24	1.38
Peach halves, clingstone:						
2½	3.00	3.27	2.91	3.18	2.79	3.06
No. 1	1.83	2.04	1.78	1.98	1.72	1.92
8 oz.	1.28	1.35	1.24	1.32	1.22	1.29
Pears, halves, Bartlett:						
2½	3.18	3.42	3.09	3.30	2.97	3.12
No. 1	2.08	2.22	2.04	2.16	1.98	2.04
8 oz.	1.30	1.38	1.28	1.35	1.24	1.32
Fruit salad:						
2½	4.23	4.32	4.11	4.20	3.99	4.08
No. 1	2.58	2.67	2.52	2.61	2.46	2.49
8 oz.	1.65	1.71	1.62	1.68	1.59	1.65

¹ Price per dozen units, c.i.f.

Russia Buying Poultry Meat and Eggs

The Russians are in the West European Market, principally the European community, for large quantities of poultry meat and eggs for delivery in the first half of 1970. Reports vary, but it appears that the Russians will buy about 20,000 metric tons of poultry meat—(10,000-12,000 from the Netherlands; 6,000-7,000 from France; 1,000 from Belgium;

and 500 from West Germany). Reportedly the eggs are to be purchased in the EC and the United Kingdom.

In the EC, first quarter poultry meat and egg production will be up. Before Russia announced its intent to purchase, lower EC prices were expected; now, the situation has completely changed with firm price trends expected. The trade reports that prices for poultry meat are already up 2 percent, with 5 percent expected in the near future. The Russian purchases reportedly result from an acute meat shortage, particularly pork, in Russia and the entire Eastern Bloc.

U.S. Exports of Soybeans, Oils, Meals

U.S. exports of soybeans in November reached a new monthly high of 53.7 million bushels, 1.2 million more than the previous month's record and 3.7 million more than in November 1968. The September-November total of 119.6 million bushels increased 24 percent over the same period in 1968, when shipments were already unusually heavy due to the impending dock strike. This year's increase is attributed to a demand for oil and meals in many parts of Europe. The somewhat lower soybean prices of 1969 enabled crushers abroad to compete more favorably in marketing soybean products. Prices also encouraged entrepreneurs to replenish soybean stocks.

Soybean oil exports totaled 114.1 million pounds, an increase of 79 percent from the 63.8 million exported in November 1968. The bulk of the November increase was shipped to Pakistan under the current Public Law 480 program. Exports in October-November increased to 169.5 million pounds, 18 percent above the cumulative total for the same period in 1968. P.L. 480 shipments, estimated at 143.4 million pounds, represented 85 percent of total exports.

Cottonseed oil exports, at 56.1 million pounds, showed an increase of 44 million over November exports in 1968. The 2-month cumulative total reached 104.6 million pounds—six times the quantity exported in 1968. All exports of cotton-

U.S. EXPORTS OF SOYBEANS, OILS, AND MEAL

Item and country of destination	Unit	November		Sept.-Nov.	
		1968 ¹	1969 ¹	1968- 69 ¹	1969- 70 ¹
SOYBEANS					
Belgium-Luxembourg	Mil. bu.	1.7	4.4	3.3	7.8
France	do.	.1	.1	.2	.1
Germany, West	do.	4.1	4.4	9.1	9.1
Italy	do.	3.5	6.2	6.8	9.3
Netherlands	do.	6.8	6.2	15.2	15.2
Total EC	do.	16.2	21.3	34.6	41.5
Japan	do.	11.3	8.7	20.5	26.0
Canada	do.	7.1	8.6	15.5	22.2
Spain	do.	3.6	3.9	8.3	6.8
Denmark	do.	2.6	3.2	4.5	6.2
China, Taiwan	do.	3.2	2.6	5.6	5.3
Israel	do.	2.3	1.0	2.3	3.3
Others	do.	3.7	4.4	5.3	8.3
Total	do.	50.0	53.7	96.6	119.6
Oil equivalent	Mil. lb.	548.5	590.1	1,060.8	1,313.0
Meal equivalent	1,000 tons	1,173.9	1,262.9	2,270.4	2,810.2

Item and country of destination	November		Oct.-Nov.	
	1968 ¹	1969 ¹	1968- 69 ¹	1969- 70 ¹

EDIBLE OILS

Soybean: ²					
Pakistan	Mil. lb.	0	78.3	36.8	78.3
Tunisia	do.	(³)	.4	.1	22.3
India	do.	39.9	7.0	45.4	13.0
Israel	do.	5.8	8.3	10.2	11.1
Dominican Republic	do.	.9	1.8	2.8	5.5
Canada	do.	4.3	3.5	6.4	5.0
Vietnam, South	do.	4.4	.1	6.3	4.3
Peru	do.	(³)	3.4	6.9	3.4
Mexico	do.	0	.8	(³)	2.7
Colombia	do.	1.8	.9	2.9	2.7
Other	do.	6.8	9.6	26.2	21.2
Total	do.	63.9	114.1	144.0	169.5
Cottonseed: ²					
Iran	do.	0	20.3	0	29.0
U.A.R.	do.	0	0	0	22.0
Venezuela	do.	10.6	9.8	13.4	17.7
Pakistan	do.	0	13.7	0	13.7
Dominican Republic	do.	(³)	5.5	(³)	5.5
Other	do.	1.5	6.8	2.7	16.7
Total	do.	12.1	56.1	16.1	104.6
Total oils	do.	76.0	170.2	160.1	274.1

CAKES AND MEALS

Soybean:					
Belgium-Luxembourg	1,000 tons	24.7	33.0	33.4	47.6
France	do.	53.7	42.2	84.6	91.7
Germany, West	do.	72.7	101.4	116.8	207.6
Italy	do.	19.6	24.1	30.9	39.5
Netherlands	do.	42.3	84.0	61.8	135.9
Total EC	do.	213.0	284.7	327.5	522.3
Canada	do.	19.1	21.8	39.6	43.9
Spain	do.	17.2	0	31.4	19.4
Poland	do.	2.2	14.4	10.8	14.4
Yugoslavia	do.	9.3	11.5	9.3	11.5
Philippines	do.	5.7	8.2	6.8	9.3
Ireland	do.	5.4	6.7	5.4	6.7
Switzerland	do.	4.6	5.6	10.4	6.3
Australia	do.	1.6	3.7	2.5	5.1
Others	do.	22.1	10.8	25.5	18.8
Total	do.	300.2	367.4	469.2	657.7
Cottonseed	do.	.4	.5	.8	.9
Linseed	do.	17.8	16.6	30.0	40.2
Total cakes and meals ⁴	do.	322.9	387.0	513.1	706.7

¹ Preliminary. ² Includes shipments under P.L. 80 as reported by Census. ³ Less than 50,000 lb. ⁴ Includes peanut cake and meal and small quantities of other cakes and meals. Computed from rounded numbers. Bureau of the Census.

seed oil represent dollar sales, including the quantities shipped to Iran and Pakistan, both of which are currently participating in P.L. 480 programs. A substantial proportion of the cottonseed oil moved under the CCC export sales program.

Soybean meal exports, at 367,400 tons, exceeded November 1968 exports by 67,200 tons, and brought the 2-month total to 657,700 tons—up 40 percent from the 469,200 tons shipped in the same months a year earlier. The 522,300 tons shipped to the European Community represented 70 percent of the total and an increase of 59 percent over 1968 exports. Exports to West Germany and the Netherlands accounted for 164,900 tons of the increase. Larger quantities were also shipped to Poland, Yugoslavia, Ireland, Canada, the Philippines, and Australia. Exports of all cakes and meals totaled 706,700 tons, compared with 513,100 tons in October-November 1968.



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Rotterdam Grain Price Report

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	January 13	Change from previous week	A year ago
	<i>Dol. per bu.</i>	<i>Cents per bu.</i>	<i>Dol. per bu.</i>
Wheat:			
Canadian No. 2 Manitoba .	1.95	0	2.04
USSR SKS-14	1.78	0	1.95
Australian Prime Hard	(¹)	(¹)	(¹)
U.S. No. 2 Dark Northern			
Spring:			
14 percent	1.88	+2	1.92
15 percent	1.94	+2	1.96
U.S. No. 2 Hard Winter:			
13.5 percent	1.73	0	1.85
Argentine	1.73	0	1.78
U.S. No. 2 Soft Red Winter	1.58	0	1.75
Feed grains:			
U.S. No. 3 Yellow corn ...	1.48	+1	1.41
Argentine Plate corn	1.46	0	1.48
U.S. No. 2 sorghum	1.47	+2	1.36
Argentine-Granifero	1.38	0	1.29
Soybeans:			
U.S. No. 2 Yellow	2.85	+5	3.03

¹ Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

November Tobacco Imports Down

U.S. general imports (arrivals) of unmanufactured tobacco in November 1969 totaled 11.0 million pounds, a drop of 34 percent from the 16.7 million pounds imported during the same month a year ago. The average value per pound during November 1969 was 29.1 cents, compared with 50.3 cents in November 1968. Nearly all of the reduction was in cigarette leaf other than flue and burley. However, the total reduction was partly offset by increased arrivals of cigar filler and scrap tobacco.

Imports for the January-November 1969 period were also down when compared with last year. A total of 215.1 million pounds of leaf worth \$110.0 million was imported, compared with 226.0 million pounds worth \$126.5 million in the same period of 1968. Oriental cigarette leaf imports were down 16 percent compared with last year.

Arrivals of cigar filler, flue-cured, and burley have increased.

U.S. GENERAL IMPORTS OF UNMANUFACTURED TOBACCO

Item	1968		1969	
	Quantity	Value	Quantity	Value
January-November:	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>
Cigarette leaf (flue & burley)	7,857	2,313	13,771	4,741
Cigarette leaf, other ..	149,955	100,436	125,598	79,008
Cigar wrapper	500	1,986	569	1,762
Mixed filler & wrapper	406	1,797	601	2,277
Cigar filler, unstemmed	29,048	9,032	35,467	10,864
Cigar filler, stemmed .	2,574	3,212	2,246	2,440
Scrap	35,125	7,708	35,815	8,840
Stems	548	36	1,052	24
Total	226,013	126,520	215,119	109,956
November:				
Cigarette leaf (flue & burley)	6	3	353	233
Cigarette leaf, other ..	10,729	6,769	1,385	656
Cigar wrapper	84	379	20	78
Mixed filler & wrapper	—	—	14	22
Cigar filler, unstemmed	1,267	471	2,433	754
Cigar filler, stemmed .	133	167	177	224
Scrap	4,502	632	6,639	1,248
Stems	10	1	27	1
Total	16,731	8,422	11,048	3,216

Bureau of the Census.

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